

Deer Consumer Products, Inc.
Form 10-Q
August 09, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

Commission file number: 001-34407

DEER CONSUMER PRODUCTS, INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation
or organization)

20-5526104
(IRS Employer Identification No.)

Area 2, 1/F, Building M-6,
Central High-Tech Industrial Park,
Nanshan, Shenzhen, China
(Address of principal executive offices)

518057
(Zip Code)

(86) 755-8602-8285
(Registrant's telephone number, including area code)

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the last 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer,” “non-accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date: 33,592,562 shares of common stock outstanding as of August 8, 2011.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

DEER CONSUMER PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS	JUNE 30, 2011 (UNAUDITED)	DECEMBER 31, 2010
CURRENT ASSETS		
Cash & equivalents	\$ 22,305,057	\$ 33,956,591
Restricted cash	6,603,895	1,347,385
Accounts receivable	52,268,056	52,686,494
Advances to suppliers	1,614,631	3,018,531
Other receivables	282,933	125,580
VAT receivable	5,405,713	2,839,718
Prepaid expenses	-	159,583
Deposits	813,709	445,740
Inventories	33,863,410	23,015,850
Total current assets	123,157,404	117,595,472
NON-CURRENT ASSETS		
Property and equipment, net	20,722,837	20,453,404
Prepayment for land use rights	-	3,367,207
Intangible assets, net	36,126,275	38,308,468
Construction in progress	11,514,354	8,913,181
Other assets	-	4,570
Total noncurrent assets	68,363,466	71,046,830
TOTAL ASSETS	\$ 191,520,870	\$ 188,642,302
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 16,741,175	\$ 26,247,453
Advance from customers	3,403,110	1,759,792
Income tax payable	5,284,657	5,536,646
Other payables and accrued expenses	2,331,610	3,001,716
Dividend payable	1,679,628	-
Notes payable	5,031,637	8,361,698
Total current liabilities	34,471,817	44,907,305
COMMITMENTS AND CONTINGENCIES		

STOCKHOLDERS' EQUITY

Common Stock, \$0.001 par value; 75,000,000 shares		
authorized; 33,592,562 shares issued and outstanding as of June 30, 2011 and December 31, 2010, respectively	33,593	33,593
Paid-in capital	91,136,274	91,084,958
Statutory reserve	7,577,047	6,127,639
Development fund	3,788,523	3,063,819
Accumulated other comprehensive income	9,797,344	6,315,475
Retained earnings	44,716,272	37,109,513
Total stockholders' equity	157,049,053	143,734,997
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 191,520,870	\$ 188,642,302

The accompanying notes are an integral part of these financial statements.

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DEER CONSUMER PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
(UNAUDITED)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2011	2010	2011	2010
Revenue	\$79,803,830	\$58,353,144	\$45,127,684	\$34,450,687
Cost of revenue	56,697,985	41,593,643	31,978,784	24,569,034
Gross profit	23,105,845	16,759,501	13,148,900	9,881,653
Operating expenses				
Selling	5,529,852	3,248,420	2,912,415	1,820,456
General and administrative	2,274,687	1,764,689	1,034,061	1,089,623
Total operating expenses	7,804,539	5,013,109	3,946,476	2,910,079
Income from operations	15,301,306	11,746,392	9,202,424	6,971,574
Non-operating income (expenses)				
Interest income	108,700	331,060	46,165	239,139
Interest expense	-	(49,461)	-	(19,755)
Exchange loss	(266,855)	(125,810)	(150,732)	(92,676)
Subsidy income	1,007,192	-	7,960	-
Other	(81,767)	8,223	(43,469)	22,824
Total non-operating income (expenses), net	767,270	164,012	(140,076)	149,532
Income before income tax	16,068,576	11,910,404	9,062,348	7,121,106
Income tax expense	2,928,099	1,852,841	1,715,817	1,100,566
Net income	13,140,477	10,057,563	7,346,531	6,020,540
Other comprehensive item				
Foreign currency translation	3,481,869	398,436	2,005,459	363,071
Comprehensive Income	\$16,622,346	\$10,455,999	\$9,351,990	\$6,383,611
Basic weighted average shares outstanding	33,592,562	32,826,777	33,592,562	33,019,662
Diluted weighted average shares outstanding	33,592,562	33,729,852	33,592,562	33,703,876
Basic earnings per share	\$0.39	\$0.31	\$0.22	\$0.18
Diluted earnings per share	\$0.39	\$0.30	\$0.22	\$0.18

The accompanying notes are an integral part of these financial statements.

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DEER CONSUMER PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2011 AND 2010
(UNAUDITED)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$13,140,477	\$10,057,563
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	1,438,861	716,576
Stock-based compensation	51,314	166,695
(Increase) decrease in current assets:		
Accounts receivable	1,631,055	(5,742,579)
Advances to suppliers	1,458,712	(130,127)
Other receivables, prepayments, and deposits	(346,960)	(178,052)
Other assets	4,628	(84,155)
Inventories	(10,200,635)	(4,445,193)
Increase (decrease) in current liabilities:		
Accounts payable	(9,998,292)	888,735
Advance from customers	1,617,080	(687,059)
Taxes payable	(2,847,344)	(296,630)
Notes payable	(3,487,834)	-
Other payables and accrued expenses	(742,220)	